2000 discharge: EC general budget, section III Commission

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PURPOSE : to present the Council's recommendation on the discharge given to the Commission in respect the implementation of the Community budget for the financial year 2000 (Section - Commission).
CONTENT : the Council's recommendation recalls first of all the revenue and expenditure account for the financial year 2000: - revenue was EUR 92 724 422 418,05 - expenditure was EUR 82 867 869 808,54 - appropriations carried over from 1999 which have been cancelled were EUR 1 953 041 236,86 - the positive budget balance is EUR 11 619 073 828,56. The observations in the report by the Court of Auditors for the financial year 2000 call for certain observations by the Council, it recommends the Parliament to give a discharge to the Commission in respect of the implementation of the budget of the European Communities for the financial year 2000. However, the implementation of the budget by the Commission calls for a series of comments by the Council which the Commission must take into consideration as soon as possible. Firstly, the Council is pleased to note that the Commission's implementation of initiatives to improve its management and accounting, many of which originated in the Court's annual report, shows the value of that report as a tool for monitoring the legality and regularity of financial management as well as for assessing its quality. It therefore insists on the need strictly to follow the recommendations expressed during the discharge procedure. The Council welcomes the several positive aspects noted by the report, while being aware that the Commission has not yet achieved the objectives it has set itself in the framework of its reform. In that context, the Council wishes to stress the importance it attaches to the recasting of the Financial Regulation, which is the true keystone of the Community's financial system. The Council notes the persistence of significant surpluses at the end of the financial year. This tendency could affect the credibility and sound management of the Community budget. The origin of these surpluses lies in incorrect estimates of both revenues and expenditure. The Council urges the Commission, with the collaboration of Member States, to make more precise estimates of sources of finance and to adapt expenditure estimates to real requirements. The Council must stress that the fact that most expenditure takes place in Member States and is administered by national bodies does not alter the Commission's ultimate responsibility, under the provisions of the Treaty, for implementing the budget. Regarding the present discharge procedure, the Council must emphasise its concern about the fact that the Court has not yet been in a position to issue a positive Statement of Assurance (SOA), because of the unacceptable level of errors in the operations that underlie payments, noting nevertheless that the Court has given a positive assessment on own resources, commitments and administrative expenditure. The Council is also curious about the fact that the numerous positive findings mentioned by the Court in its report are not reflected, inter alia, in the level of errors in the guarantee of the certifications issued. The Council appreciates the efforts that the Court is making to develop the SOA into an audit and management systems analysis tool but, while welcoming the Court's following up of previous observations, reaffirms its request that it should also establish indicators allowing progress to be monitored from one year to the next. It nevertheless welcomes the fact that the Court's approach in the present report better permits detection of risks and of improvements by sector of activity. The Council recognises the technical problems of auditing such a broad range of activities as that covered by the Community budget. With a view to the best possible use of existing resources and to achieving a proportionate cost/benefit ratio, it therefore supports any initiative that would move towards improving the links between audit work done by the Commission and the Member States and the Court's own audits. While recognising its independence, the Court is asked in this context to extend to other budget sectors the practice, already applied in the context of the CAP, of using the findings of Member States' paying agencies. It could also use the results of the audits and controls carried out by the competent national institutions and make use of the information and expertise of the Commission's internal audit service. This method could prove very useful, given the increased risks inherent in enlargement, arising from the diversity of political and administrative cultures with which the Commission will in future be faced in

implementing the budget. The Council refers to the joint declaration by the European Parliament, the Council and the Commission on commitments outstanding, formulated during the Budget Council of 22 November 2001. It insists on the need to abolish abnormal commitments outstanding in the medium term and expects the Commission to present, at the same time as or before the preliminary draft budget for 2003, an action plan for examination of all dossiers with associated risks noted at the beginning of the 2002 financial year. The Council insists on the need to strengthen the protection of the Community's financial interests. In this context, it recalls the importance it attaches to the work of the European Anti-Fraud Office (OLAF) and reiterates its wish to see the last obstacles to the proper operation of the Office removed as quickly as possible. Like the Court and the Commission, it calls on the Member States concerned to complete procedures for ratification of the Convention on the Protection of the European Communities' Financial Interests. Subject to the above comments and taking into account that the Commission is actively pursuing its reform of financial management in the light of the recommendations of the authorities involved in the discharge procedure, the first marks of progress with which are mentioned in this report, the Council can recommend a discharge for the Commission for implementation of the budget for the financial year 2000.